

RH 29c

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol  
Communities, Equality and Local Government Committee  
Bil Rhentu Cartrefi (Cymru)

Gwybodaeth ategol gan: Cymdeithas Landlordiaid Preswyl  
Supplementary information from: Residential Landlords Association

# ROOTING OUT THE CRIMINAL LANDLORDS – REGULATION THAT WILL WORK

The Residential Landlords Association is calling for radical reforms to the way the sector is regulated to root out criminal landlords.

## ABOUT THE RESIDENTIAL LANDLORDS ASSOCIATION

The Residential Landlords Association (RLA) represents 20,000 small and medium-sized landlords in the private rented sector (PRS) who manage over 250,000 properties across the UK. It seeks to promote and maintain standards in the sector, provide training for its members, promote the implementation of local landlord accreditation schemes and drive out those landlords who bring the sector into disrepute. Members also include letting and managing agents.

## ABOUT THE SECTOR

- ❑ The recently published English Housing Survey for 2012/13 has shown that for the first time the private rented sector is now larger with 18% of all households (4 million) than the social housing sector with 17% of all households (3.7 million).
- ❑ Such growth is good news for tenants for whom a larger sector provides them with more choice but also good for the economy. Every £1 invested in the private rented sector provides a return to the economy of £3.50 through expenditure on building work and furniture. Figures produced by Professor Michael Ball of Reading University in a report for the RLA has shown that tax on rental income paid by England's market tenancies totals £3.5 billion – equivalent to £1,000 per tenancy. This would pay for the Government's build to rent fund three and a half times over.
- ❑ The English Housing Survey also notes that 83% of private sector tenants are satisfied with their accommodation compared to 81% in the social sector. This comes as:
  - Rents in the private sector have, according to the housing survey, been falling in real terms and with increases well below those seen in the social sector. Average weekly social sector rents rose from £71 in 2008/09 to £89 in 2012/13, an increase of 25.3%. In the private rented sector over the same period rents increased from £153 to £163, an increase of 6.5%.
  - The survey also shows that between 2006 and 2012 the proportion of private rented homes classed as non-decent reduced from 47% to 33%. This is despite 40% of properties in the private rented sector being 100 years old or more. Owner occupied housing rates at 20% non-decent.
- ❑ Whilst the RLA is encouraged by such news, we recognise that more work is needed to ensure that every private sector tenant has a **safe, decent and secure** place to live. That is why we are calling for radical changes to the way the sector is regulated to properly target and root out criminal landlords.

## THE PROBLEM WITH THE EXSITING SYSTEM

- ❑ Research conducted by the RLA has identified over 100 current Acts of Parliament or regulations that specifically impact on private rented sector landlords. These contain around 400 individual regulations which could affect the way in which a landlord owns and manages their property and conducts tenancies. The findings of a report on investing in private renting by Professor Michael Ball of Reading University revealed a regulatory system that has "*developed in a haphazard, uncoordinated manner over many decades.*"

- ❑ The RLA believes that the problem is not the lack of regulatory powers to drive up standards, but the ability of local authorities to properly enforce the powers already available to them. A study conducted in 2012 by UNISON of 70% of councils in the UK revealed an 8% budget decrease for environmental health services over the preceding two years and a total of 1,272 Environmental Health Officer (EHO) posts having been lost over the same period.
- ❑ There are some calls for the establishment of a national register of landlords as the answer to tackle bad landlords, but in 2009 the then Labour Government produced an impact assessment for a proposed national register of landlords. This document concluded that full licensing would be *“onerous, difficult to enforce and costly.”* In 2009, Shelter Scotland also published its three year review of the national register of landlords introduced by the Government at Holyrood which found that **15% of all landlords, comprising up to 25% of private rented properties, had not registered.** Many of this group are the ones that cause misery for tenants’ lives. If the only landlords that come forward to register are the ones that provide a decent service and standard of accommodation in the first place, how does registration help those tenants whose landlords are the ones that prefer to operate under the radar?
- ❑ Selective licensing has also had mixed results. Manchester City Council has chosen not to renew its scheme with a spokesperson declaring that the council *“found that selective licensing did not achieve the outcomes”* it wanted. They continued, ***“Responsible landlords often came forward quickly but the time required to process the applications, chase up paperwork and inspect properties pulled the focus away from targeting and enforcing poor landlords to raise standards so the main aim of the scheme could not be effectively achieved.”***
- ❑ Cllr Jonathan Glanz, Housing Portfolio Holder at Westminster City Council has previously told the CLG select committee, ***“We find that we are able to do that [enforce standards] within existing legislative frameworks, rather than by imposing upon the large majority of good landlords additional obligations to comply with the proposals that might arise out of a further regulatory framework, which could come from a compulsory licensing scheme.”***
- ❑ Knowsley and Bournemouth Councils have also rejected licensing.
- ❑ As these councils have all found, running a licensing scheme under which responsible landlords are registered takes up all the time that otherwise could be used seeking out and dealing with bad landlords. The same would apply with a national register.
- ❑ HMO and selective licensing also does little to drive up standards since it does not, as accreditation does, provide the educational and training opportunities for landlords that improves their understanding of their obligations
- ❑ Shelter claims they receive 85,000 cases a year from PRS tenants - roughly 1% of all tenants. They also say that prosecutions in English courts amount to no more than 500 a year. Given that the English Housing Survey shows that 83% of PRS tenants are satisfied, or very satisfied with their accommodation, **why are resources being spent on the majority of compliant landlords when the problem is with a minority?**

## THE ALTERNATIVE

### An amendment to council tax returns will reveal PRS property and landlords

### Co-regulation - to free council resources and focus on the criminals

- ❑ Hard pressed local authorities need to be able to devote their finite resources to properly enforcing existing legislation and targeting those landlords who actually cause problems rather than spending significant amounts of time registering and regulating those landlords who are sign up to accreditation or licensing schemes and so make themselves known.

- ❑ If Ministers want to know where private rented homes are, and who the landlord is, additional boxes could be included on council tax forms for tenants to tick if they live in a private rented home and if so to include the name and contact details of their landlord, if known.
- ❑ If the landlord is not known the tenanted address can then be run past the land registry database and the property owner identified. Not only would such a system prove much less costly than a full registration scheme (saving potentially £300 million based on the last Government's impact assessment of a national register) it would also make it much more difficult for criminal landlords to avoid making themselves known since it would be the tenant identifying where the properties are. This system would have benefits to other agencies such as HMRC.
- ❑ The RLA proposes a system of co-regulation with local authorities whereby landlords are given the opportunity to join an industry-run accreditation scheme, taking them out of the purview of local authority control. Such a scheme would not be a soft option. It would include Alternative Dispute Resolution (ADR) and independent property inspections with strong sanctions against those landlords failing to abide by their obligations to be accredited under the scheme.
- ❑ Experience in HMO regulation and selective licensing indicates that 80% of decent landlords would apply as it would help them to market their properties and free them from unnecessary, more intrusive control. This would then free local authorities' time and resources to go after those choosing not to join the self-regulation scheme as these are more likely to be the landlords seeking to evade scrutiny. Such a model is already used for building control.
- ❑ This proposal for co-regulation would:
  - Recognise good practice and property standards within the PRS.
  - Encourage compliance by the majority of landlords.
  - Save costs for landlords and the costly duplication of licensing schemes by councils by operating across local authority boundaries.
  - Introduce independent dispute resolution for tenants either using alternative dispute resolution as a standard feature of accreditation membership or less formal mediation.
  - Release local authority resources to take action against the worst types of landlords.
  - Help tenants choose better landlords and property through the development of a recognised 'brand'.
  - Enable tenants to check a landlord's status through a dedicated website and phone number.
  - Involve all sectors of the PRS, private and corporate landlords as well as agents.
  - A similar accreditation scheme has been operating successfully in Leeds since 1997. Landlords who join agree to provide quality housing and in turn are awarded accreditation status by Leeds City Council. In 2003 the scheme was extended to include tenant accreditation. Combined, the council's own scheme together with that run by UNIPOL in the city for student accommodation has accredited over 35,000 bedrooms in the city.
- ❑ There is a need also for better informed tenants so that they understand what to look for when choosing a property, what questions to ask and when, as well as how to complain where they face a landlord refusing to carry out work that is needed. Accreditation could play a major role in supporting and encouraging greater tenant awareness through the development of a single, simple badge to show that a landlord is providing safe, legal and secure accommodation. Such a badge should be developed in conjunction with property portals and letting agents which are often the first port of contact for tenants when looking for a property.
- ❑ If a landlord's conduct was such that they fail to meet the required standard then accreditation would be revoked and that landlord would be subject to local authority enforcement.

## **HOW CO-REGULATION WOULD IMPROVE STANDARDS**

- ❑ Council tax returns will provide intelligence-lead, targeted enforcement
- ❑ Local authorities would improve their enforcement activities by targeting those who have not joined the scheme.

- ❑ Landlords would be incentivised to avoid the costs of Alternative Dispute Resolution by encouraging them to resolve problems with their tenants beforehand.
- ❑ Sanctions would include exclusion from the scheme and referral to the local authority.
- ❑ Involve all sectors of the PRS – private and corporate landlords, agents, portals
- ❑ Help identify “rogue” landlords through better use of technology. It would polarise the PRS into a professional landlord sector (independently regulated), resulting in diminishing returns for the fragmented remainder through reduced tenant demand for non-branded property and lower rents.

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